



The HIRE Act

Congressman Arcuri is committed to taking action on additional job creating measures to help the chronically unemployed and improving the highway provisions in this bill in subsequent legislation. Getting Americans back to work is our number one priority and today we will take another step forward, with more action to come, in our multi-pronged effort to create jobs and strengthen our economy.

On March 4th, the House passed the *Hiring Incentives to Restore Employment (HIRE) Act (H.R. 2847)*, by a vote of 217-201. This bipartisan job creation bill is one in a series of measures Congress has taken to restore the American economy. This \$15 billion measure includes:

- A payroll tax holiday for businesses that hire unemployed workers, to create some 300,000 jobs and an income tax credit of \$1,000 for businesses that retain these employees;
- Tax cuts to spur new investment by small businesses to help them expand and hire more workers;
- Extension of the Highway Trust Fund allowing for tens of billions of dollars in infrastructure investment; and,
- Provisions -- modeled after the Build America Bonds program -- to make it easier for states to borrow for infrastructure projects, such as school construction and energy projects.

More on the bill:

New Tax Incentives for Businesses to Hire Unemployed Workers

- **Tax incentives for businesses to spur immediate job growth.** A new payroll tax exemption would create a common-sense, targeted, and effective way to encourage employers to begin hiring unemployed workers today and is estimated to spur about 300,000 new jobs, according to economist Mark Zandi of Moody's Economy.com. [[The Hill, 2/18/10](#)]
- **Payroll Tax Exemption.** Provides businesses with an exemption from Social Security payroll taxes for every worker hired in 2010 who has been unemployed for at least 60 days. (The maximum value of this incentive is \$6,621, which equals to 6.2 percent of wages paid in 2010 up to the FICA wage cap of \$106,800.) The longer that a business has a new qualified worker on its payroll, the greater the tax benefit. The House amendments incorporate an IRS fix to make sure that small businesses can take advantage of the payroll tax holiday.
- **Bonus for Keeping Employees Long Term.** Provides an additional \$1,000 income tax credit for every new employee retained for 52 weeks. *Estimated cost of these provisions: \$13 billion over 10 years.*

Spur Small Business Investments to Grow

- **Small Business Expensing.** Extends Recovery Act provisions that double the amount small businesses can immediately write off their taxes for capital investments and purchases of new equipment made in 2010 from \$125,000 to \$250,000. This will help small business make the investments they need to grow and hire more workers. *Estimated cost: \$35 million over 10 years.*

Highways and Infrastructure

- **School Construction, Energy Conservation and Renewable Energy.** Allows qualified school construction bonds, qualified zone academy bonds, clean renewable energy bonds, and qualified energy conservation bonds to take advantage of the Build America bonds direct payment program. TIME magazine calls the Build America Bonds “one of the economic recovery efforts biggest successes.” The House will act later to expand the Build America Bonds program. *Estimated cost: \$4.6 billion over 10 years.*
- **Transportation Extension.** Extends surface transportation programs through December 31, 2010 to provide states and localities with the certainty they need to make decisions on capital-intensive projects and allow for billions more to be invested in infrastructure throughout the United States. It includes language continuing the application and enforcement of the minority-owned business enterprise contracting requirements for surface transportation projects.
- **Avoiding a Highway Shortfall & Bolstering the Trust Fund.** Transfers approximately \$20 billion from the General Treasury and to the Highway Trust Fund (HTF), as the HTF is estimated to run short of funds in June. This transfer will reimburse the HTF for interest it should have collected in the past and will allow the federal government to support existing federal highway and transit programs through the end of this year at the levels authorized for Fiscal Year 2009. Under the bill, the HTF will be more financially healthy as it will be able to accrue interest going forward, just like other federal trust funds. The bill also restores \$8.7 billion that was rescinded in SAFTEA-LU.
- **Critical to Job Creation.** Every \$1 billion in federal funds creates 34,700 jobs. Construction-related manufacturing is operating at 68 percent of capacity and has an unemployment rate of nearly 25 percent.

Offsets

- **Cracks down on Overseas Tax Havens.** Provides the U.S. Treasury Department with significant new tools to find and prosecute U.S. individuals that hide assets overseas from the Internal Revenue Service. Recent events have highlighted the growing use of foreign financial institutions, foreign trusts, and foreign corporations by U.S. individuals to evade U.S. tax. In order to prevent this tax evasion, the bill would require new reporting by foreign financial institutions to give the IRS more data to detect fraud and tax evasion. *Estimated to raise \$8.7 billion over ten years.*
- **Delaying tax break for foreign interest payments.** Delays for 3 years (through 2020) a questionable tax break enacted in 2004 that would let U.S. multinational companies that have shipped jobs overseas reduce their U.S. taxes by deducting more of their worldwide interest income against their U.S. income. This provision has not gone into effect, and not one company currently utilizes this provision. *Estimated to raise \$9.9 billion over 10 years.*